

**APPLICATION FOR REGISTRATION BY QUALIFICATION  
PURSUANT TO WAC 460-33A  
Mortgage Paper Securities**

☐ Initial

☐ Renewal

1. Name and address of registrant: \_\_\_\_\_  
\_\_\_\_\_

2. Name and address of issuer (if different from  
registrant) \_\_\_\_\_  
\_\_\_\_\_

3. Name, address, telephone number and facsimile number (if any) of the person to contact with respect  
to this filing: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. Short description of securities sought to be registered (such as "undivided participation interests in  
notes secured by deeds of trust on real estate located in Washington  
state"): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. Dollar amount of mortgage paper securities sought to be registered in  
Washington: \_\_\_\_\_

6. Dollar amount of securities to be offered in all states (including  
Washington): \_\_\_\_\_

7. Anticipated maximum price per mortgage paper  
security: \_\_\_\_\_

8. Fee (\$100 for the first \$100,000 of mortgage paper securities to be registered in this state plus 1/20 of  
1% for any amount to be registered in excess of \$100,000): \_\_\_\_\_ [the check  
should be made payable to the Washington State Treasurer]

9. Fiscal year end: \_\_\_\_\_

10. The issuer complies with the net worth or bond requirements by satisfying the requirements of (check  
the appropriate box):

A. ☐ WAC 460-33A-040(1)(a) - Tangible Net Worth of the greater of \$100,000 or 10% of the  
amount to be registered up to a maximum of \$1,000,000; or

B. ☐ WAC 460-33A-040(1)(b) - \$100,000 Surety Bond; or

- C. ☐ WAC 460-33A-040(1)(c) - Tangible Net Worth of \$5,000 (available only if the mortgage broker-dealer and its affiliates do not handle lenders or borrowers funds).

For those issuers relying upon "A" or "C" above, attach a copy of your most recent fiscal year-end and interim financial statements. For those issuers relying upon "B," a copy of the surety bond must be supplied.

STATE OF WASHINGTON  
County of \_\_\_\_\_

\_\_\_\_\_, being first duly sworn, deposes and says: I have been authorized by the registrant to execute and file this application. I have read this application and the exhibits filed with it and swear, to the best of my knowledge, information and belief, and knowing that false swearing is a crime, that the facts stated in the application and in the exhibits are true, correct and complete.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name (printed or typed)

\_\_\_\_\_  
Title

Subscribed and sworn to this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
This application and the necessary exhibits and attachments, including those required by WAC 460-33A-020, should be sent to:

Washington State Securities Division  
PO Box 9033  
Olympia WA 98507-9033  
(360)902-8760 FAX (360)586-5068

Applicants should also note that compliance with the broker-dealer and salesperson registration requirements of RCW 21.20.040, WAC 460-33A-080, and WAC 460-33A-085 will be required before a permit for the sale of mortgage paper securities may be granted.

## **SUGGESTED CONTENTS FOR GENERAL OFFERING CIRCULARS PURSUANT TO WAC 460-33A**

The following information, to the extent applicable, should be included in general offering circulars filed pursuant to WAC 46033a. The registrant is required to disclose all material facts concerning the issuer and the offering.

- I. Cover Page - Information required.
  - A. Caption identifying who is making the offering, general types of securities covered, and aggregate dollar amount to be offered.
  - B. Name and address of registrant.
  - C. Legends:
    1. This offering has been registered with the Securities Division of the state of Washington as a mortgage paper securities offering under the provisions of Ch. 460-33A WAC.
    2. The mortgage paper securities offered under this general offering circular have not been registered with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the Act), and are offered in reliance upon the exemption from registration found in Section 3 (a) (11) of the Act and Rule 147 thereunder. Accordingly, resales and transfers of the mortgage paper securities described in the specific offering circular are strictly limited to residents of the state of Washington for a period of at least nine months from the date of the last sale of mortgage paper securities described in the specific offering circular.
    3. These securities involve a high degree of risk and are offered only to investors who are bona fide residents of the state of Washington and who meet certain suitability requirements. The registration of these securities by the Washington Administrator of Securities does not signify that the Administrator has approved or recommended these securities nor has the administrator passed upon the adequacy or accuracy of this offering circular. Any representation to the contrary is a criminal offense.
    4. See Remedies of Investors for False or Misleading Statements, page \_\_\_\_; Risk Factors, page \_\_\_\_; Possible Conflicts of Interest, page \_\_\_\_; and Compensation, page \_\_\_\_.
  - D. Date of the prospectus. (Leave blank until reviewed)
- II. Table of Contents indexed by page/paragraph number.
- III. Business and Organization of Issuer in Brief Form.
- IV. Definitions. Technical terms used in the prospectus should be defined in a glossary or as they appear in the prospectus.
- V. Risk factors. Set forth the most relevant risks which arise from the operation of the program including, if applicable:
  - A. High risk borrowers.
  - B. Front end compensation.
  - C. Effects of default or superior encumbrances.
  - D. Effects of default mechanisms - majority control?
  - E. Effects of foreclosure:
    1. Potential need to pay on superior encumbrances to protect security interest.
    2. Effects of redemption rights.
    3. Delay in payments.

4. General bidding situation at public foreclosure sales and risk of substantial loss.
- F. Additional contributions or expenses may be required:
  1. Foreclosure expenses.
  2. Servicing superior encumbrances.
  3. Make reference to participation agreement.
- G. Potential penalties for failure to make additional contributions.
- H. Degree of security dependent on fair and accurate appraisal. Make reference to appraisal information in specific portion.
- I. No assurance of payment by obligor - make reference to obligor information in specific portion.
- J. Effect of balloon payments.
- K. Lack of liquidity.
- L. Right of redemption.
- M. Usury.
- N. Registration Z and RESPA.
- O. 'Due on Sale' and 'Acceleration' clauses.
- P. Condemnation, rezoning, casualty loss.
- Q. Tax risks.

VI. Mortgage Broker - The Company - include:

- A. Legal status (i.e. broker-dealer, issuer, investment advisor).
- B. Nature of business.
- C. History of operations and experience.
- D. Personnel - 10 year business background on each principal including:
  1. A statement disclosing which, if any, of the persons listed:
    - a. Has at any time during the previous ten years been convicted of a felony or pleaded nolo contendere (where that plea is permitted) to a felony charge if the felony involved fraud (including violation of any franchise or business opportunity law, or unfair or deceptive practices law), embezzlement, fraudulent conversion, misappropriation of property, or restraint of trade;
    - b. Has at any time during the previous ten years been held liable in a civil action resulting in a final judgment or has settled out of court any civil action or is a party to any civil action involving allegations of fraud (including violation of any franchise or business opportunity law, or unfair or deceptive practices law), embezzlement, fraudulent conversion, misappropriation of property, or restraint of trade, or any civil action which was brought by a present or former franchisee and which involves or involved a franchise:
    - c. Is subject to any currently effective state or federal agency or court injunctive or restrictive order, or is a party to a proceeding currently pending in which such order is sought, relating to or affecting franchise activities or the franchise-franchisor relationship, or involving fraud (including violation of any franchise or business opportunity law, or unfair or deceptive practices law), embezzlement, fraudulent conversion, misappropriation or property, or restraint of trade.

The statement shall include the identity and location of the court or agency, the date of conviction, judgment or decision, the penalty imposed, the damages assessed, the terms of settlement or the terms of the order, and the date, nature, and issuer of each such order or ruling;

2. A statement disclosing which, if any, of the persons listed in this section has at any time during the previous ten years:

- a. Filed in bankruptcy;
- b. Been adjusted bankrupt;
- c. Been reorganized due to insolvency; or
- d. Been a principal, director, executive officer, or partner of any other person who has filed in bankruptcy, been adjudged bankrupt, or been reorganized due to insolvency:

E. Brokers policies.

- 1. Collections and fees.
- 2. Guarantees.
- 3. Appraisals.
- 4. Loan to value ratios.
- 5. Preservation of documents.
- 6. Insurance and bond.
- 7. Investor suitability - mortgage brokers should inquire as to:
  - a. Nature of investors employment experience.
  - b. Investors education level.
  - c. Investor's experience with similar investments.
  - d. Relation between amount of investors contribution and investors net worth.
  - e. Investors access to qualified advice – legal/accounting.
  - f. Investor's need for liquidity.
  - g. Minimum investment.

VII. Remedies For False and Misleading Statements.

"In the event that this prospectus, or any other written or oral representation to an investor in connection with this offering, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make these statements made, in the light of the circumstances under which they were made, not misleading, then such investor has the right under federal and state securities laws to rescind his purchase and receive back his purchase price in full upon the tender of the securities purchases by him, or to recover actual damages or obtain other relief, as appropriate. Any such investor may pursue such relief in a private action brought through his own attorney in the appropriate federal or state court. In such event, the officers, directors, principal stockholders and other controlling persons of the issuer may be jointly and severally liable to the investor to the same extent as the issuer and will not be protected by the corporate form of organization. Under certain circumstances the investor may recover his attorneys fees as well."

VIII. Compensation.

Furnish in tabular form all indirect and direct compensation which is received or to be received by the issuer of every type and from every source.

IX. Real Estate Financing - Generally.

- A. Under 1-4 below describe elements and necessary documents, legal status in relation to the property, parties, events of default, remedies, redemption, and deficiency judgments.
  - 1. Mortgage.
  - 2. Purchase money mortgage.
  - 3. Trust deed.
  - 4. Land sale contract - Vendor's and vendee's interests.
  - 5. Effects of "Due on Sale" and "Acceleration" clauses.
  - 6. Effects of foreclosure - disposition of proceeds.
  - 7. Alternatives of foreclosure.

X. Fiduciary Responsibilities of Registrant.

- XI. Use of Proceeds.  
List the use of investors funds (i.e. payment to acquiree the note or bond, payment of fees and charge to third parties, fees, commissions, etc.). Break down the fees to other and fees to the entity.
- XII. Potential Conflicts of Interest.  
A. Brokerage v. inventory sales.  
B. Dealings with affiliates.  
C. Handling of late fees.  
D. Purchases from investors.  
E. Handling of collections.  
F. Handling of foreclosure proceedings.  
G. Acting as manager and investor at same time.
- XIII. Tax Matters, including Tax Consequences of the Program and Participants.
- XIV. Pending Litigation.
- XV. Opinions of Counsel, Public Accountants and Other Experts.  
A. State the name and address of counsel who has given opinion on legality of this issue;  
B. List and other experts, such as public accountants, actuaries, etc., whose certificates, statements or review have been relied on in preparation or presentation of material used in the offering circular or any other incumbent document; and  
C. Set forth the statement of the public accountant in certification of the financial statements and notes thereunder.  
D. Consent must be obtained for use of any expert's name or opinion.
- XVI. Financial Statements of Registrants.  
Current financial statements of the issuer shall be included in the offering circular. See RCW 21.20.210(14) and WAC 460-60A-010 for detailed requirements.

SUGGESTED CONTENTS FOR SPECIFIC  
OFFERING CIRCULARS PURSUANT TO  
WAC 460-33A

Specific offering circulars should be in the form and contain the exhibits prescribed by the SAMPLE SPECIFIC OFFERING CIRCULAR form available from the Securities Division.